



# Missouri Department of Natural Resources

## MINUTES MISSOURI SOIL AND WATER DISTRICTS COMMISSION CW Carver Memorial Farm, Lincoln University Jefferson City September 10, 2003

**COMMISSION MEMBERS PRESENT:** John Aylward, Elizabeth Brown, Larry Furbeck, and Philip Luebbering

**EX-OFFICIO MEMBERS:** DEAN THOMAS PAYNE, UNIV. OF MISSOURI: David Baker; JERRY CONLEY, DEPT. OF CONSERVATION: Bob Miller; PETER HOFHERR, DEPT. OF AGRICULTURE: Tony Hoover.

**ADVISORY MEMBERS PRESENT: SOIL & WATER CONSERVATION PROGRAM:** Sarah Fast; NRCS: Roger Hansen; MASWCD: Eli Mast

**STAFF MEMBERS PRESENT:** Davin Althoff, Gary Baclesse, Milt Barr, Gorman Bennett, Jim Boschert, April Brandt, Chris Evans, Noland Farmer, John Forsyth, Rose Marie Hopkins, Gina Luebbering, Marcy Oerly, James Plassmeyer, Josh Poynor, Ron Redden, Kevin Scherr, Alice Schultz, Judy Stinson, Ken Struempf, Bill Wilson

**OTHERS PRESENT: DISTRICTS:** BATES: Brad Powell, Joyce Rider; CASS: Dustin Bridges, Earlene Davis; CEDAR: Jim Shipley; FRANKLIN: Laura McKeever; LIVINGSTON: Steve Hooper; PIKE: Jim Hubert; POLK: Roger Aukron, Richard McConnell; RANDOLPH: Shelly Sumpter; **STATE OF MISSOURI: ATTORNEY GENERAL'S OFFICE:** Harry Bozoian; **OTHERS:** EMPLOYEE ASSOCIATION: Ben Reed; MASWCD: Kathryn Braden, Steve Huber, Peggy Lemons; NRCS: Drexel Atkison; UNIVERSITY OF MISSOURI: Steve Jeanetta, Nikki Thompson; **INDIVIDUALS:** Randy Breshears

### A. CALL TO ORDER

Chairman Elizabeth Brown called the meeting to order at CW Carver Memorial Farm, Lincoln University in Jefferson City, Missouri, at 8:20 A.M.

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### **B. MINUTES OF THE LAST MEETING**

Larry Furbeck made a motion to approve the minutes of the July 16, 2003 commission meeting as mailed. John Aylward seconded the motion. When asked by the chair, John Aylward, Elizabeth Brown, Larry Furbeck, and Philip Luebbering voted in favor of the motion and the motion carried unanimously.

Philip Luebbering made a motion to approve the minutes of the closed session. John Aylward seconded the motion. When asked by the chair, John Aylward, Elizabeth Brown, Larry Furbeck, and Philip Luebbering voted in favor of the motion and the motion carried unanimously.

### **C. PLANNING**

- 1. Update on Strategic Planning Process/Research – Stephen Jeanetta, UMC**  
Mr. Steve Jeanetta passed out the notes from the April and May planning sessions summarizing, what was done and discussed. The challenges that the commission had were many. Some of the challenges for the Soil and Water Districts Commission included; renewing the sale tax, legislative challenges regarding the future of the commission, finding statistics that prove Special Area Land Treatment (SALT) projects are helping keep water clean, and politics that attempt to drag the commission into their issues. These are just a few of the many that were discussed during the planning sessions.

Clean water was discussed in great detail. The link between the work of the Soil and Water Districts Commission and the Water Quality program was raised several times during the sessions. Some of the key points that the commission included; clean water as a result of soil conservation, the increasing importance of water quality, the need to better communicate the relationship between what the commission does and clean water, and the change in livestock regulations as they pertain to clean water.

Also addressed was the purpose of the Soil and Water Districts Commission. The commission would like to promote agriculture in Missouri but also promote conservation as well, keep the soil out of the water, and serve as a caretaker of the water. They also want to educate groups about conservation and provide a forum for agriculture producers to fix their own problems.

It was suggested that the commission take a look at the programs that are in place and link them to what is important to the future. When this is done, you can get a picture of what is done and what is done well and how it relates to what you want to do.

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At this point the planning process is very general. The Soil and Water Districts Commission looked at who the stakeholders are, both internal and external to the organization. The commission will need to look at how they will be involved, whether it is simply receiving information about what is going on or if they will be involved in the data that they work with in the plan. They followed up by looking at what some general process might look like for a large organization. They came up with three general ways to approach it. One was to start planning at the local level then go to some regional goals and then to state objectives. A second choice would be to start more centralized. Develop a group that represents the organization. They would develop the goals and objectives and receive the feedback from the various districts on what their work is. The third is a highbred of both. This would be where you would have something you are doing through a centralized group and also something at the local level. You would then bring them together at the end.

The advisory group decided to recommend a local/regional approach to statewide planning for the organization. The process will begin locally with the state association providing leadership to the process. The state association will take the process to the districts. They will explain the process, its importance, and the role that each district will play in the development of a statewide plan. The local planning will build on the current long range planning, that the local districts currently conduct on a five-year basis.

During the discussion, it was stated that the plan for the planning process is very comprehensive even though there will be challenges. The association is willing to be involved or even take the lead on the process. Involvement is the key to making this process work. The districts and others are going to have to work together for this to be a success. Steve Jeanetta stated that this kind of process helps local districts connect what they do on daily basis to what they see in the state plan. The district should see their goals emerge from the state plan. That helps when you need to build support for programs. That way people can see the connection between the state's goals and their own goals.

Elizabeth Brown stated that it is difficult to get supervisors often to area meetings, but they could begin at their local board level and bring it to their area directors.

Sarah Fast asked if the commission wanted to do more planning this fall on some of the follow-up that Steve suggested or wait and do that as part of the regular planning in January. She also stated that Steve Jeanetta said that it is appropriate to be looking at the commission's current programs and matching them to some of the goals and vision that the commission had already developed. Larry

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Furbeck stated that the problem that he was having is that there does not seem to be a focus, no overall theme to keep people involved in it. He asked if maybe something could be developed like that to work through the districts. He thought that Steve Jeanetta and his group would be good at developing an overall theme to get participation by the districts. He would like to see a focus to get people involved. Elizabeth Brown stated that other agencies should be included in the planning. Steve Jeanetta said that they had identified both internal and external stakeholders. He also stated that at different points you could have the stakeholders involved, the best place for most of them to be involved in would be in the district planning. In the area of regional planning, some could be included there and in the statewide group, you could have some of your external stakeholders involved in that also.

Sarah Fast asked if Steve Jeanetta could come to one of the next couple meetings and discuss more specific things that were on the list that was handed out, with regards to our current programs. Steve Jeanetta stated that he could.

Philip Luebbering stated that the commission has done what it would like to see, but until the commission can see what the county level wants to see, it would be wrong to come out with a general theme. He would like to see what they want and then meet together to see what good ideas go with a general theme. But for the commission to come out and say this is the direction that it is going would be the wrong direction to take. Roger Hansen stated that first you need to start with the resources problem. Then you can add in programs according to what they can do to help solve that problem and then what is the broader environmental benefit to society. Ben Reed stated that he thought that the commission would get more participation from supervisors on identifying the problem if you do not ask them to solve that problem at the same time.

Elizabeth Brown reiterated that it was the general consensus to take it back to the local level and get their input. John Aylward said that he thought that before the commission gets much further in this process, the commission needs to see the district step. He suggested meeting with the districts during the training conference that is going to be held in December. Sarah Fast indicated that at the training conference there would be training with the local districts on how they can do their local planning. Then the districts would go back and do the local review. David Baker stated that there needs to be an overriding understand of why this process is taking place. It was requested that Steve Jeanetta attend the January meeting. Steve Jeanetta will be giving two workshops at the upcoming training conference in December.

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Sarah Fast informed the commission that Gary Fak from the Natural Resources Conservation Service (NRCS) and Rose Marie Hopkins from the Soil and Water Conservation Program (SWCP), would be giving training on planning at the conference. Bill Wilson stated that the training would be a little different as far as incorporating the planning process and helping to develop a plan. They have been working on input from the advisory committee, as far as workshops, that would help support the districts in preparing and doing their long-range plans and provide information for the commission's long-range plan. Bill also stated that there might not be as many workshops, as in the past, so that there could be more hands on training.

Elizabeth Brown welcomed Tony Hoover from the Department of Agriculture.

### **2. Update on National Resources Inventory (NRI) Numbers – Roger Hansen, NRCS**

Roger Hansen from NRCS presented an update on the NRI numbers. A previous letter indicated that the NRI numbers would not be available until 2005 which was not timely enough for what the data is needed for in the renewal of soil and park tax. Roger Hansen sent a letter to Wayne Maresch, Director of Resources Inventory Division, explaining the importance of the data and significance of the data, and how it is used in Missouri. In a letter dated July 24, 2003, Wayne Maresch indicated to Roger Hansen that they would try to do a special run of the Missouri data to determine what information could be made available on an expedited schedule. Roger Hansen indicated that by the spring of 2004 he hoped to be able to present to the commission the trend data. Roger Hansen informed the commission that he would keep them informed.

### **3. Brief Overview of the State Cost-Share/ Environmental Quality Incentive Program (EQIP) Coordination Efforts**

Ron Redden presented an overview of how NRCS' implementation of the federal EQIP is coordinated along with the state cost-share program. NRCS staff traveled to their five areas and reviewed the federal programs for fiscal year 2003. At each of these meetings it was discussed how the EQIP program should be administered along side the state cost-share program.

The NRCS field staff was told that when discussing work that may be included in the EQIP contract, landowners should be made aware of the benefits of both programs before deciding to include a specific practice in the contract. Field staff were also told that when discussing the conservation needs with the landowner,

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and it is realized that the landowner may only be interested in a single practice, it might be best to go with the state cost-share program. If the landowner is interested in doing a number of different things, such as woodland improvements, grassland practices, or other practices, EQIP should be considered if they have a number of practices that they want to do. Especially if the landowner wants to make sure that funding will be available for two and three years for these practices. When a landowner goes to the office they are told what each program offers, what they will have to complete on their own, and that a combination of state and federal EQIP funds can not be used for the same single practice. The landowner needs to look at which program best suits their farming operation for that particular practice and then decide whether or not they want to go through the federal or state program.

Provisions were made in preparing the fiscal year 2003 EQIP contracts so that a landowner could receive additional points in the EQIP contract if they included work that they expected to be done with state cost-share. For them to receive the points, they needed to already have the district board supervisor's approval for the cost-share application that was included in the contract.

State cost-share can be used later to complete work that is done on fields that are included in an EQIP contract as long as the landowner did not commit to completing that particular practice with EQIP funds. An example would be if a landowner, through their EQIP contract, was going to receive incentives for nutrient and waste management on acres that are in the EQIP contract. In order to complete that practice and for the practice to be certified, the landowner has to address the erosion needs on those acres. State cost-share could be used if the contract did not specify that the erosion on the field would be addressed with EQIP funds.

A similar policy was developed for Conservation Reserve Program (CRP). A landowner is expected to address those erosion needs for the acres included in the CRP contract. If there were gullies that developed during that period of time that it was enrolled, the landowner was expected to use some of those maintenance payments that were received, to address those needs. Until recently, staff was not aware of any instances where CRP monies were being used on land that was not actually enrolled in CRP.

Staff from both agencies have worked together in trying to see that the financial programs do compliment each other. With prescribed grazing, in the past, a well was not eligible. The landowner would often be approved for state cost-share for fencing and water distribution, but used EQIP for the well. Now that the benefit

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of each program is explained to the landowner, he or she can select the program that best serves them for that particular practice. They must realize that they can not combine both programs to fund the same practice.

Ron Redden stated that program staff and NRCS State Office staff have met regarding the new Grassland Reserve Program. Rules for the program are not yet out; however, the two agencies have initiated some discussion to determine to what extent they may be able to work together, to provide landowners with financial assistance for acres enrolled in this program. Staff feels that a landowner who has a state cost-share maintenance on a field can enroll that particular field in the Grassland Reserve Program without being expected to pay back cost-share received on this practice, as long as that practice is not altered, modified, or removed in anyway that decreases the effectiveness of it. Once the Grassland Reserve Program rules are proposed and the program staff knows how that particular program will be implemented in Missouri, they will have a better idea in determining what degree it may be appropriate to use state cost-share on acres that are actually enrolled in the Grassland Reserve Program. After the rules are out from United States Department of Agriculture (USDA) and the staff has an opportunity to meet with Roger Hansen and his staff on it, they will bring the issue to the commission. The commission can then give consideration as to what degree it is appropriate to use state cost-share on land that is enrolled in the Grassland Reserve Program.

#### **4. District Employee Benefit Grant**

Jim Boschert presented a report on the 2004 rates from Missouri Consolidated. Each county in the state will have an increase in health insurance rates through Missouri Consolidated. The largest increase was in the east central part of the state. This area had an increase of 45 percent over the current year rates.

Statewide the average lowest rate increased by 23 percent. For the next year the average lowest rate in the state is \$441.65, which is a 23 percent increase over the current year. In 2000 the lowest average rate was \$176.79, that rate has increased 150 percent from calendar year 2000 to 2004. The current commission policy is to allow a maximum of \$10.00 less than the lowest Missouri Consolidated monthly health insurance premium or \$10.00 off of the monthly premium, whichever is less.

Mr. Boschert presented projected expenditures for the benefit grant for fiscal year 2004. It is estimated that the districts will claim \$333,591 for retirement in fiscal year 2004. This is an increase of \$27,884 or 10 percent over the amount claimed

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during fiscal year 2003. By using the Missouri Consolidated rates provided, it was estimated that the districts would claim \$756,519 for the health insurance portion of the benefit grant. This is an increase of \$94,320 or 15 percent over the amount claimed in fiscal year 2003. If the amount projected is claimed, it will total \$1,090,110. The total amount available in the benefit grant is \$1,261,992. The amount left for increases in benefits for fiscal year 2005 would be \$171,882. Due to commission policy, staff will notify districts that starting January 1, 2004, health insurance premiums will increase to \$10.00 less than the lowest rate. Program staff will allow districts to update their employee salaries January 1<sup>st</sup>.

Mr. Boschert next discussed funding for fiscal year 2005. He first reviewed the past history of the benefit grant and how much the expenses increased from year to year. From the numbers presented, it appeared that there would be adequate funding for increases in both health insurance and retirement for fiscal year 2005.

Peggy Lemons from the benefit committee presented some projections for the grant for future years. These projections covered fiscal year 2005 to 2007. The committee met and looked at projections through the end of the tax, as to how the funding would go. The projections were based on what has happened in the past. The figures projected a 10 percent increase in retirement and a 20 percent increase in the health insurance funds. For fiscal year 2005 the funds will be close. There is a negative balance of \$12,780. This kind of shortage could be taken care of administratively, which is what the committee would recommend. For the fiscal year 2006 there will be a shortage of approximately \$230,000, if the current policy remains.

Mrs. Lemons continued reviewing the projections through fiscal year 2007. At this time the committee is projecting a shortage of \$489,284 by fiscal year 2007. The benefit committee thought that the commission should be aware of this, so that it could be put on the agenda for either the December or January commission meeting. This could be discussed at the same time the commission talks about the budget planning for fiscal year 2006. The benefit committee would like to recommend an expansion in the district assistant grants to help with benefit funds. Over the past three years the employee turnover has decreased from 16.6 percent down to 11.2 percent and the committee believes that is due to having employee benefits.

Jim Boschert presented to the commission some options for fiscal year 2005 if a shortage of funds did occur. The commission could request a supplemental budget expansion if the expenses exceed the amount available. This request would have to be approved by the Department of Natural Resources, the



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Governor and then by the legislature. The commission could also use the unused funds from the district assistance allocations to cover the additional benefit expenses or limit the dollars that they release in the matching grant program after the January 1<sup>st</sup> deadline. Finally, the commission could raise the co-pay for health insurance or freeze the retirement at its current level and not allow any retirement pay increases given after a set date.

During the discussion, Elizabeth Brown asked if the unused district grant funds would be enough to cover the shortage. Jim Boschert indicated that these funds should cover it. Sarah Fast indicated that the real issue was if the estimates were adequate. If there was a big jump in expenses, a combination of the options might need to be used. Sarah Fast stated that this issue would be brought back to the commission once the numbers are known. Larry Furbeck asked what it would do if the copay was raised from \$10.00 to \$20.00. Jim Boschert said that the benefit committee looked at that and the difference was about \$20,000.

### **5. State Cost-Share Issues Regarding Drought**

Ron Redden presented issues about the current drought situation in the state. At the time of the meeting, no district had called to ask if any special considerations were being anticipated due to the drought.

A website address ([www.drought.unl.edu/dm/monitor.html](http://www.drought.unl.edu/dm/monitor.html)) was provided to the commission. The website is updated weekly and has a lot of good information.

In the fall of 1999 the commission faced a similar situation. At that time, the commission put together a committee that included one of the commissioners, the association, and several district people. They looked to see if there were ways that financial assistance could be provided in circumstance where the grass in pastures and haylands had failed due to the drought. These discussions were brought back to the commission in July 2000, at that time the commission adopted them and put them in effect throughout 2000 and again in 2001.

The previous drought plan adopted three eligibility requirements. One of the requirements for the district to be considered for the special considerations that the commission made to the policy, was that the county had to be approved by Farm Service Agency (FSA) for the Emergency Conservation Program. To date there have been a number of counties that have been approved for Emergency Conservation Program, but the money is not available yet. The second requirement was that NRCS had to certify that the stand of grass had failed as a result of drought as opposed to just being over grazed or mismanaged. Third, the

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field for which cost-share was being requested had to have been originally established with state cost-share and still within the five year maintenance period.

For the fields that met the three requirements, the commission adopted the following special considerations or temporary exceptions for Permanent Vegetative Cover Establishment (DSL-1), Permanent Vegetative Cover Improvement (DSL-2), and Permanent Vegetative Cover Enhancement (DSP-2) practices. One special consideration was that the commission extended the timeframe for which reseeding was eligible. Currently in the commission policy if it is a cool season grass it had to fail within the first year of when the practice was certified complete. For warm season grasses it had to fail within two years of when NRCS certifies that the practice is complete. In 2000 and 2001 the policy changed to if it failed anytime during that five year period, as a result of the drought, it was eligible to be reseeded. The stipulation for this was that if it was a DSL-2 and the DSP-2 it had to be reseeded with legumes. Another special consideration was for a landowner to be allowed to plant interim forage in the spring or summer at the landowner's expense and then reseed the practice according to specification in the fall. This allowed the landowner to provide a replacement pasture that was much faster than what would otherwise be expected. The landowner could plant that field in Sudan grass, oats, triticala, or several other species that NRCS could identify. The landowner could plant the pasture in this species during the spring or summer, take a crop off of it and then come back and reseed it in the fall without it being considered a maintenance violation. The commission also made a special allowance for reseeding that was less than \$100.00 if the landowner had more than one. Another special consideration took place in 2001 where special funding was available for districts. The districts were required to have obligated at least 98 percent of their total allocation before they could be approved for additional funds and the funds could only be used for reseeding. Finally, deadlines were approved in the fall for the district boards to approve applications for the special seedings.

During the discussion Larry Furbeck asked if they could be a little more liberal where obligated funds were involved for situations that can not be completed, such as terraces or structures. Ron Redden answered that the commission has that opportunity. Larry Furbeck asked what the cost was for the extra \$10,000. Ron Redden stated that there was approximately \$200,000. He also stated that there was a lot of participation in the program. The districts that needed the money had to have 98 percent of their money allocated. Larry Furbeck asked if there was a projection of districts in the drought area that had all their money spent. Ron Redden indicated that the districts that are in the northwest part of the state, that are most affected by the drought, are generally the ones that spend all their cost-

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share money on regular soil erosion practices, so there is no extra money. When asked how many seeding practices that were put in place, that were in the five year maintenance, were failing because of no water moisture, Sarah Fast indicated that there had not been any calls on it. Ron Redden stated that there would have to be some failures, but that he had not received any calls from the districts with failed seedings or wanting special conditions. Larry Furbeck stated that the commission needed to be proactive and get the structure set, figure out how it will be funded, and where exposure is. He also asked how the \$200,000 had been budgeted. Ron Redden stated that there was currently about \$3,400,000 at the discretion of the commission on how to use it. Elizabeth Brown asked if this plan would be comprehensive enough for a short-term fix or do they need to add. Ron Redden stated that it addressed just about all the concerns that the program had in 2000 and 2001.

John Aylward made the motion to readopt the temporary policy. Larry Furbeck seconded the motion. When asked by the chair John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously. Elizabeth Brown asked for a poll vote. When polled, John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **D. APPEALS**

#### **1. Cost-share**

##### **1. Polk Soil and Water Conservation District (SWCD) – Re-Appeal – Allow an Exception to Planned Grazing Systems (DSP-3) Policy**

Marcy Oerly presented an re-appeal from Polk SWCD asking the commission to allow cost-share for a warm season grass planting through the DSP-3 practice on a prescribed grazing system that was never funded through the state cost-share program.

At the July commission meeting, program staff presented the appeal from the Polk SWCD. After reviewing the issue, the commission denied the request because it was believed that the DSP-3 practice is a demonstration practice. The commission's intent was to fund a total grazing system, rather than individual components of the system.

Marcy Oerly then reviewed the July report for the commission. The program office received a DSP-3 claim for Mr. Randy Breshears on June 16, 2003. A computer search of Mr. Breshears showed that he had never

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participated in the state cost-share program for a DSP-3 practice. The staff questioned the claim because the only items being cost-shared were the components for a 13.5-acre warm season grass planting. Then they questioned the amount being requested. The claim indicated that there was 84 acres being served in the system, but only 13.5-acres were approved for the seeding. The amount that was being claimed was \$1,136.15, which was more than the maximum cost-share the landowner could receive, which was \$810.00.

In a letter to the commission the board explained that district staff had worked with Mr. Breshears for several years. In the letter they explained the various improvements that a more managed grazing system would provide and also discussed the various cost-share options that were available to meet Mr. Breshears' goals. Because of the streams on Mr. Breshears property, he enrolled the riparian area surrounding these streams into the CP-22 Riparian Buffer Conservation Reserve Program (CRP) practice. That program enabled him to fence out the cattle from the streams and provided freeze proof tanks in each field as an alternative watering source. He also utilized the state DSP-2 practice to add legumes to his fescue pasture. Because of the fencing that was done through the CP-22 CRP practice, there was only a small amount of additional hi-tensile electric fence that was needed to complete the grazing system to meet NRCS standards and specifications. He wanted to incorporate warm season grass into his forage base to add actively growing summer forage to his grazing system. Because the warm season grass planting was the only component of the grazing system that was still desired, the district felt it was appropriate to use the DSP-3 practice to provide cost-share to establish his 13.5 acres of Eastern Gama Grass, as all other components of the practice had been met through different federal and state cost-share programs. The board closed their letter by stating that there was no attempt by district staff to slip something by the program staff, they believed that the plan was a logical progression of practices that benefited the landowner, the land, and both the federal and state programs.

After the commission denied the original appeal, Ron Redden visited the district and met with the board and landowner. At the meeting it was discussed that the DSP-3 demonstration policy is not as clear in the Cost-Share Handbook as the No-Till (DSL-15) demonstration policy. As with the DSP-3, the DSL-15 is a demonstration practice, however, under the Policies section of the DSL-15 practice, it clearly states that cost-share assistance is not authorized where the farmer has already established a no-

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till system of farming. Ron Redden and the Polk Board also discussed the fact that previously, a landowner could combine state and federal assistance on the same practice. An example of this was when the federal side would provide cost-share assistance for a well while the state program provided cost-share for the other eligible DSP-3 components. Beginning with fiscal year 2003 EQIP funds, landowners must choose which program they wish to use for certain practices. They can no longer utilize both EQIP and state cost-share monies on the same practice.

During the discussion Philip Luebbering asked Ron Redden if clarifying the issue would resolve the problem in the future. Ron Redden stated that there were two places that clarification needed to be. The DSL-15, which is also a demonstration practice, clearly states that if the landowner is already doing no-till in their conservation plan, they are not eligible for this incentive, since the incentive is used to get them to utilize the practice. The commission needed to decide if they wanted the same policy applied to the DSP-3. If the landowner is already doing prescribed grazing according to specifications, would it be necessary to provided cost-share to do it again. Previously the program used a combination of state and federal money on the practice with EQIP. Ron Redden also stated that the policy was not as clear as it should have been. Sarah Fast stated that the commission would need to decide what qualifies as a demonstration. Philip Luebbering stated that the reason this became an issue was because it was not clarified in the handbook. He could see at the county level how it would create a problem. Philip Luebbering indicated that before you could use both to fix the problem, but with the new EQIP, it is not allowed. He stated that the district thought that they were following the handbook. Liz Brown clarified that it was not EQIP fund but CRP money. Sarah Fast stated that it made it more difficult because there had never been anything where they had used the CRP money at the 90 percent level for the fencing. She also stated that this could be a one-instance issue or it could set policy.

Philip Luebbering made a motion to approve the board's request, but limit cost-share to \$810 and instruct staff to clarify the Cost-Share Handbook. Larry Furbeck seconded the motion.

More discussion followed with Larry Furbeck asking if program staff saw this as opening up a flood of cross compliance. Sarah Fast stated that the issue could have been clearer in the handbook.

When polled, Larry Furbeck, Philip Luebbering, John Aylward, and Elizabeth Brown voted in favor of the motion. The motion passed unanimously.

**E. REVIEW/EVALUATION**

**1. Land Assistance Section**

**a. Cost-share**

**1. Monthly Cost-Share Report**

Noland Farmer presented the cost-share usage report. The commission was given a copy of the Cost-Share Year to Date report that showed the claims received by the program office as of September 5, 2003.

As of the commission meeting the districts had been allocated a little over \$19, 900,000 for regular cost-share. After reallocation of funds, the districts would have approximately \$23,300,000 available for regular cost-share. A projection showed claiming only \$20,000,000 of the funds that would eventually be allocated to the districts. The projection was based upon amounts claimed in previous years. As of August 31<sup>st</sup>, the program had processed \$330,000 in claims, which is about \$170,000 less than what was projected. For fiscal year 2004 the projections and the claims processed indicate that the office had received \$418,000 in claims. Last year the office received approximately \$490,000 in claims as of September 5.

**2. Allocation of the Remaining Cost-Share Appropriation and the FY04 Cost-Share Re-appropriated Funds**

Ron Redden reported on the cost-share appropriations and fiscal year 2004 cost-share re-appropriated funds. The program received a lot of calls from districts asking should they send in letters requesting additional funds. The districts were informed that at the commission meeting, program staff would present an alternative for the commission to obligate the funds back to the districts as was done in the past four or five years, with emphasis on the districts that had claimed 80 percent or more.

In fiscal year 2003 there was approximately \$23,812,030 available in regular cost-share throughout the year. Districts claimed

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\$20,706,650 of that, that put it up in the top five years. Fiscal year 2004's re-allocation amount is approximately \$3,100,000. When combined with the appropriation of \$20,250,000, the total available to the districts will be \$23,300,000. In fiscal year 2001 the districts claimed 78 percent, in fiscal year 2002 it was 84 percent and in fiscal year 2003 it was 87 percent of the money available.

In fiscal year 2002, 77 districts obligated more than 80 percent, in fiscal year 2003, 90 districts obligated more than 80 percent. In fiscal year 2002, 62 districts claimed more than 80 percent and in fiscal year 2003, 76 districts claimed more than 80 percent. This showed that given areas where sheet and rill erosion, or gully erosion is there are practices that the districts can use to address those needs and landowners that make use of these practices.

The total money available for fiscal year 2004 is \$23,300,000. The initial allocation to the districts was \$19,900,000. The remaining \$3,440,000 is available for the commission's discretion as to how to spend these funds. Ron Redden reviewed the most recent years and since 1999 the districts had asked that the commission be as consistent as they can in how funds are re-allocated back. The districts would like to have a complete year to work toward being in a favorable position to receive the re-appropriated funds.

To maximize cost-share funds this fiscal year, it is important to get additional funds to the districts with soil erosion needs and get the funds to the districts that have demonstrated that they have the management skills to obligate and claim their funds.

During the discussion Larry Furbeck asked about the dollars that are re-allocated that are not needed or wanted. Ron Redden stated that generally there is not a lot of money that is not needed. John Aylward suggested saving back \$500,000 and look at re-allocating later to cover the possibility of exposure on re-seeding.

John Aylward made a motion to take \$500,000 off the top and split the remaining among the 76 districts that claimed at least 80 percent. Larry Furbeck seconded the motion. When polled, John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Sarah Fast stated that when the information is sent to the districts it would be indicated that it is for drought assistance if needed.

**3. Follow-up to the MASWCD Resolution #2 (Monroe SWCD)  
Which requests That Cost-Share be Used to Treat Hog  
and Small Feed Lots With the DSL-11 Practice**

Ron Redden presented a resolution requesting that cost-share be used to treat hog and small feed lots with the Critical Area Seeding practice. The resolution states that the current cost-share policy on the Critical Area Seeding does not authorize addressing erosion problem areas associated with abandoned confinement areas, feed lots, pig pens, and other areas where livestock has been confined or allowed continued access. The Missouri Association of Soil and Water Conservation Districts (MASWCD) would like for the Soil and Water Program Commission to approve cost-share under the Critical Area Treatment for small hog or feed lots up to five acres in size. These areas would have to have excessive erosion and poor water quality, and the landowner would want to put the areas back to a permanent vegetative state. The landowner would also have to maintain the area in permanent vegetation for a period of ten years.

At the last meeting, the commission made indications that they wanted to make some sort of change to the current policy that would allow the commission to support the association resolution.

There was some concern in the amount of the cost per acre to restore these types of areas. The commission discussed limiting the costs to \$500.00 per acre with a five acre maximum. The commission also discussed requiring the landowner to maintain the critical area planting for a period of ten years as suggested in the resolution.

Normally when districts wanted to use the Critical Area Treatment for the use, the districts would indicate that the landowner would need to be approved for clearing or shaping/grading, plus the standard critical seeding components of nutrients, seed and seedbed preparation.



Ron Redden provided the commission with the county average cost for the two. The statewide county average cost for grading and shaping is currently about \$750.00 per acre. For clearing, the statewide county average cost is \$525.00 per acre for light clearing and up to \$941.00 per acre for heavy clearing.

At the July commission meeting a motion was made and seconded to change the policy to establish a \$2,500.00 cost-share maximum per practice on a Critical Area Seeding to address confined areas. It also limited the practice to five acres and limited the cost-share to \$500.00 per acre. Finally it required the landowner to maintain the practice for ten years.

Elizabeth Brown stated that this was the third time that this resolution had been before the commission. This indicates a need for this resolution. Ron Redden affirmed that the association indicated that the resolution passed 62 to 0. The association was very supportive of it. Elizabeth Brown stated that this is a very serious erosion problem. Philip Luebbering asked if the rest of the practices were five-year maintenance. Ron Redden answered that according to NRCS specs, that when cost-share is provided on critical area seeding, the maintenance is for five years. Philip Luebbering stated that the ten years was the association recommendation. Larry Furbeck stated that the commission is going to have to depend on the local districts.

Philip Luebbering made a motion to establish a \$2,500 cost-share maximum per practice, limit the practice to five acres, limit cost-share to \$500.00 per acre, and require the landowner to maintain the practice for ten years. Larry Furbeck seconded the motion. When polled, John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

**b. SALT**

**1. Update on SALTs in Management Strategy**

Davin Althoff presented an update on Stone SWCD's Spring Creek Agricultural Nonpoint Source (AgNPS) SALT project, which is the only project currently on management strategy.

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On November 27, 2000, Stone County SWCD was awarded approval for the Spring Creek AgNPS SALT project by the Missouri Soil and Water Conservation Districts Commission for implementation to begin on January 1, 2001. On the fourth reporting period (June 2002 to December 2002) the project level was 6.67 percent which was below the commission minimum of 8 percent. The commission policy states that "if a project's percentage of progress falls below the minimum percentage established by the commission after the first three reporting periods, the project will be placed in management strategy."

When the program staff received their report, they immediately sent a letter to Stone SWCD's Board of Supervisor explaining the situation and requested time on the agenda at their next board meeting. At the meeting, staff reviewed the letter and explained alternatives for the board to choose. The board was presented with two alternatives. The first alternative was to terminate the project and the second was to develop approaches to remove the project from management strategy. After the board meeting, Stone SWCD Board of Supervisors chose to submit a revised plan to raise the Spring Creek AgNPS SALT project out of management strategy. After reviewing the plan, the program staff determined that the plan of action was insufficient. Program staff drafted a second letter proposing to negotiate the goals and administrative cost to resolve the problem. The proposed solution to the board was a compromise to lower some of the goals with an agreement to lower the amount budgeted in personnel and administrative funds on the long-term budget. Stone SWCD submitted a second revised plan specifying their intentions to revitalize the project. At that time, the board chose to reach the original goals stated in the final plan and not lower the original goals, and the personnel and administration cost. The program office approved the plan and encouraged the district to resolve the issues noted in the revised plan.

Recently Stone SWCD submitted their fifth Spring Creek Semi-annual progress report which showed that the project was at the 8.34 percent level. According to the AgNPS SALT Handbook, the minimum progress level on the fifth progress report, which is the halfway mark of the third year, is 12 percent. The commission policy states, "projects placed on management strategy must

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progress greater than or equal to the expected progress for the reporting period or increase the percentage complete level above the minimum percentage complete level required for the specified reporting period.” For their fifth reporting period (January 2003 to June 2003), the project’s progress increased from 6.57 percent to 8.34 percent for a difference of 1.77 percent. According to the handbook, the minimum expected progress for the first half of a project’s third year is 4 percent. It was projected at the current rate of progress, that the project would continue to get further from the minimum progress level. If a project fails to progress at the minimum rate for three reporting periods while under management strategy, the project will be terminated according to commission policy.

Currently, the project is entering the sixth reporting period. According to the AgNPS SALT Project Progress Schedule, the minimum progress for this period for a seven-year project must increase from 12 percent to 17 percent which is a 5 percent increase. Therefore, the project must progress at a minimum of 5 percent. Currently the project progress is 8.34 percent. With a minimum 5 percent increase, the progress completed must equal 13.34 percent on the sixth semi-annual progress report (July 2003 to December 2003). If the project fails to reach 13.34 percent, the project will be terminated according to policy and the district would have the right to appeal the termination to the commission.

In a letter dated August 20, 2003, the program office notified Stone SWCD of their current status. On August 25, 2003, Stone SCWD contacted the program requesting to lower their goals and administrative costs. The staff then informed the district that their revised plan had already been accepted and no further revisions could be made according to commission policy.

The program staff will continue to provide assistance to Stone SWCD in their efforts to bring the Spring Creek AgNPS SALT project out of management strategy following their current plan. The program staff informed the commission that they would keep them updated on any changes that occur. The Stone SWCD submitted a second project (Crane Creek) which was approved in the fourth call and is currently above the minimum progress level following their first complete year.

Elizabeth Brown asked what steps are remaining for management strategy for this project. Sarah Fast stated that the district has another chance to get to a higher percent otherwise the project is automatically terminated according to commission policy, but they can appeal. Larry Furbeck asked if at the next reporting time if they would be terminated if they do not reach their percentage. The answer was yes. Larry Furbeck also asked when the next semi-annual report would be due. Davin Althoff answered that the reporting deadline would be February 15, 2004. Elizabeth Brown asked if any improvement was foreseen. Davin Althoff stated that he had talked to the district and they indicated that they had some landowners that were interested in the watershed and felt that they would reach the minimum progress for that reporting period. In response to a question from the commission, Ken Struempf indicated that there were about 48 SALT projects ongoing and that there are two to three other projects that the program staff is working with closely to avoid being placed in management strategy.

**2.     **Tabled - Operators Signing Multiple Landowners up for Incentive Practices****

Ken Struempf reviewed the tabled item from the July commission meeting. He presented to the commission how one operator participated in \$72,336 worth of incentives through 13 different landowners utilizing the pest and nutrient management practice. Most of the time the operator is the one that receives the education benefits from participating in the incentive practices and is the one that applies fertilizes, pesticides, and removes the crops. In most instances, the absentee landowner has very little involvement in the decisions regarding pesticide and fertilizer applications. Staff has received calls from absentee landowners wondering why they received a check from the program office, and staff explained that an operator signed the application and claim for them. Staff also received calls from operators saying the landowner would not sign the check over to them. These situations are hard to explain to everyone involved.

Ken Struempf presented the commission with three different scenarios. His first scenario illustrated how an operator farmed 3,000 acres by leasing from eight different landowners owning

approximately 375 acres. The district would make application in the operator's name for the maximum limit for nutrient and pest management. The total amount taxpayers would pay to demonstrate these practices to the operator would be \$22,500.

The second scenario presented was where one operator is farming a total of 3,000 acres by leasing property from eight different landowners owning roughly 375 acres. In this scenario, the district makes application in the different landowner names, rather than in the operator's name for maximum limit for nutrient and pest management. The total amount taxpayers pay to demonstrate these practices to the operator would be \$180,000. That would be \$4,500 for pest management, plus \$3,000 for nutrient management incentive times three years for eight landowners.

The third scenario presented was where there is one landowner, which is also the operator of the property, is farming a total of 3,000 acres that he or she owns. The district makes application in the landowner's name for the maximum limit for nutrient and pest management. The total amount that taxpayers pay to demonstrate these practices is \$22,500.

At the July meeting, Ken Struempf presented the following facts. There are many instances across the state where all three scenarios are happening. The district boards are using the current commission policy and implementing them differently. The policy is being interpreted in different ways. The current policy allows for an operator to sign for landowners through the use of the landowner authorization form. Beginning January 2003, 1099-G forms were issued to landowners that participate in incentive practices. In March the commission changed policy to allow the operator to participate in the pest, nutrient, and waste utilization practices and receive the incentive payment. Another fact is that some districts are allowing operators to exceed the commission intended limits by signing the absentee landowners for participation in the practices.

A solution for the commission could be to require the actual landowner to sign the incentive applications and claims instead of allowing the operator to sign for the landowner. The second part of the solution was for the management incentive practices, the

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eligible participant must be currently farming the land to receive the cost share payment. This would eliminate the operator from signing up absentee landowners to receive the check for these incentives. None of the solutions mentioned would hinder any individual's participation in the incentive practices, but rather enforce commission limits.

Larry Furbeck asked how do you determine who is farming the land, is it through FSA. Ken Struempf responded that the district board could contact FSA to see the operator listed on the property. Brad Powell from Bates County stated that they thought that it was an option not mandatory. They believe that if this is mandatory, and a landowner/operator is forced to sign a certain way, it could be detrimental to some of the SALT projects. Some landowners have concerns about signing forms that commit their land to more than one year, which the current landowner authorization form does. Another issue is that some landowners have more than one operator. The landowner in this case may be forced to decide which operator will get the funds. Also a landowner might have 150 acre farm, 80 acres is grass, 70 acres in cropland, he no longer wants to manage the cropland portion, so he turns it over to an operator, but retains the grassland, but wants to do nutrient management on both.

Larry Furbeck stated that there was a potential for abuse that was identified by the program staff. Brad Powell indicated that the district could live with the change.

Larry Furbeck made a motion to clarify policy to only allow the actual landowner to sign the incentive applications and claims, instead of allowing an operator to sign for the landowner. In addition, for the management incentive practices (nutrient management, pest management, and waste utilization), the eligible participant (operator or landowner) must be currently farming the land and incur the expense to receive the cost share payment. Philip Luebbering seconded the motion. When polled, John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

**3. Review of FY03 Expenditures**

Ken Struempf reviewed some of the expenses for the SALT program for FY03. He highlighted a few practices for the commission. Approximately \$900,000 was spent on terrace systems with tile in fiscal year 2003. There was \$461,300 spent on water impoundment reservoirs. With pest management there was a total of \$429,880 claimed, nutrient management there was \$278,759 claimed, and animal waste there was \$269,180 claimed.

The SALT cost-share spent for fiscal year 2003 was \$3,602,030. Forty six percent of the cost-share dollars utilized in SALT, was spent on erosion control. This amount was not a surprise, due to the fact that sediment continues to be the leading cause of water quality impairment in Missouri. In other practices the program spent- 9 percent for nutrient management, 12 percent for pest management, 3 percent for buffers, 8 percent for animal waste systems, 5 percent for pasture management, 2 percent for No-till, and 14 percent for irrigation.

In total, for fiscal year 2003, there were 1,530 SALT claims processed. Of significant interest to the commission, program staff processed two claims for streambank stabilization practices, for a total of \$5,770. For terraces there were about 140 claims, pest management there was 272 claims, and nutrient management there was 279 claims, and roughly 120 seedings.

Animal waste had the highest average cost per claim at \$22,432 per practice. Compost facilities were roughly \$9,500 per claim. With riparian forest buffers, the average cost was \$8,736 for that practice. Usually there is an out of production incentive involved in that practice.

Next Ken reviewed actual expenditures for the five calls of SALT projects. He reviewed administrative cost (which includes personnel, travel, training, office supplies, information/education, and everything in a project that does not go to the landowner) and cost-share dollars claimed. The first call projects have a more positive ratio of dollars spent on cost-share versus administrative expenses than the second, third, or fourth call. When the commission put the dollar limit on the projects, the projects in the following calls made better use of partner support to implement

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their watershed plan. With the pilots a lot of the work was done with SALT money and they did not try to use partner funds as much. Most of the money claimed for the pilots were for incentive practices such as nutrients, pest, and no-till. The later calls do more of the sediment control and seedings.

Ken pointed out to the commission that the administrative costs on the second calls are higher than any other calls. When the districts were approved there was no limit on personnel, now the commission has set limits for personnel. One exception that Ken noted was Cooper County who had the lowest administrative cost and spent the most in cost-share.

The third call was the last call that did not have the personnel limit that the commission set. The districts have just completed their second year of implementation for their projects. Most of the projects spent more on cost-share than administrative cost. Polk County used a lot of partner funds to help implement their project. With Pemiscot County, the program staff is working with them on a few issues, and they are one that the program staff is watching rather closely for management strategy.

To provide the commission with some information on the fourth call, Ken informed the commission that the districts have finished their first year of implementation. Last July they got the grant and had to obligate the money and claim it all that year. The fourth call was the first to have to adhere to the commission's personnel limits. The administrative costs are higher in the first year due to the extra information/education expenses associated with getting a project started. Ken informed the commission that staff has visited with Putnum County, and it is believed that they will be able to increase their cost-share usage with changes.

### **F. REQUESTS**

#### **1. District Assistance Section**

##### **a. Supervisor Appointments**

##### **1. Caldwell**

John Forsyth reported that the Caldwell Soil and Water Conservation District Board of Supervisors asked for approval of



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Richard Leamer to fill the remainder of the term of Lloyd Roberts who moved out of the county.

Philip Luebbering made a motion to approve the request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **2. Randolph**

John Forsyth reported that the Randolph Soil and Water Conservation District Board of Supervisors asked for approval of Kim Dickerson to fill the remainder of the term of Mike McKeown.

Larry Furbeck made a motion to approve the request. John Aylward seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **3. Cedar**

John Forsyth reported that the Cedar Soil and Water Conservation District Board of Supervisors ask for the approval of Robert Kicker to fill the remainder of the term of Al Marcum who passed away.

Philip Luebbering made a motion to approve the request. Larry Furbeck seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **4. Pulaski**

John Forsyth reported that the Pulaski Soil and Water Conservation District Board of Supervisors asked for approval of Charles Storie to fill the remainder of the term of Roy Lee Dye who resigned.

John Aylward made a motion to approve the request. Philip Luebbering seconded the motion. When asked by the chair, John

Aylward, Larry Furbeck, Philip Luebbering, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

**2. Land Assistance Section**

**a. Cost-share**

**1. Cedar SWCD – Request for Reconstruction of a DSP-3**

Marcy Oerly presented a request from Cedar Soil and Water Conservation District asking for reconstruction cost-share to repair a damaged DSP-3 practice.

On May 4, 2003, a tornado struck the town of Stockton and basically destroyed the town and caused major damage to the rural area. In a letter from the board, there were two DSP-3 grazing systems that were in the tornado's path and were heavily damaged. One of the systems was located on Mr. and Mrs. Bill Wagner's property.

The Wagner's had spent in excess of \$15,000 while developing the grazing system and in doing so utilized the entire \$9,000 of the practice maximum. The Wagner's requested assistance in replacing and/or repairing tanks, hydrants, fence, and above ground pipeline. The estimated cost-share amount to repair the 120-acre system was \$6,522.

The commission's policy concerning state emergency reconstruction states that cost-share assistance for storm damage reconstruction will only be approved to reconstruct those practices installed on land that is located in those counties that are included under the emergency declaration in the Federal Emergency Conservation Program.

According to FSA office staff, Cedar County requested and was approved for the Emergency Conservation Program. However there was no funding available for the program and in the event that funding did become available, it would not reimburse for livestock watering component as the program will only reimburse for fencing repair and debris removal.

At the time of the meeting, the Wagner's request was the only one for reconstruction cost-share.

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When asked by the commission, Marcy Oerly stated that the total cost before the commission was \$6,522. Jim Shipley from the district stated that the landowner had a very good system after they started it. They saw the benefits of the practice and were willing to put extra money, of their own, into developing the system above the cost-share assistance. The items that were on the new application, were only the ones that the district had cost-shared on previously. When asked by the commission, Marcy Oerly stated that this was the first time for a request for reconstruction on a DSP-3.

Larry Furbeck made a motion to approve the board's request. Philip Luebbering seconded the motion. When polled, Philip Luebbering, John Aylward, Larry Furbeck, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

### **G. NRCS REPORT**

Roger Hansen updated the commission on EQIP. Started the year with \$11,500,000 and on Friday, September 5<sup>th</sup>, he was notified that there was an additional \$2,000,000 for EQIP. With the addition, EQIP's total for the year is \$13,500,000.

Roger Hansen informed the commission that for 2004 NRCS will work to improve EQIP, continue to do what works, and work on things that could be improved. He is looking at a base allocation for each county. If a certain amount is allocated to each county, this will ensure that every county will get one or two contracts approved. This will help to get more to participate, address local priorities, and lessen the big workloads in some counties that has developed over the last couple of years.

Another item that they will be working on is the ranking system. They are looking at an addition for local resources priorities. By doing this, the districts and local steering committees could let NRCS know what is important to them.

USDA is in process of consolidating offices. They are in the process of looking at closing 200 offices nationwide in the future. That process is near the end, and the committee that is working on that met at the end of third week in September. They will be adopting their recommendations for the 200 offices. At that point the recommendations will go to the Secretary of Agriculture who will decide whether or not to concur with the recommendations. If the recommendations are approved, the Secretary of Agriculture will make the announcement of which offices will be affected.

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### **H. STAFF REPORT**

Sarah Fast stated that the commissioners had a copy of the energy report that Steve Mahfood wanted them to have.

Sarah Fast also informed the commission that the program was able to hire four Soil Scientists. LeAnn Bullard moved from a District Coordinator to be a Soil Scientist in the Jefferson City office. The three new ones to the program are John Horton who will be in the Poplar Bluff office, Craig Chatfield who will be in the Kansas City office, and Dave Dowdy who will be in the Macon office. The program received permission to fill the following two vacancies, one in cost-share and one in SALT.

Sarah Fast reported that there had been a commissioner meeting for the chair and vice-chair of the commissions for the department. One of the items was that the commission would be getting a questionnaire that asks if the commission member would want to have their phone numbers and addresses to be public. That was an issue that was discussed.

Milt Barr presented follow-up information on possible budget re-appropriation authority changes. The Office of Administration's Fiscal Year 2005 budget instructions indicated that they did not want to continue to use re-appropriation authority in operational budget accounts for the agencies. In the Department of Natural Resources that is House Bill 6, which is the operational funding for the department and the program. Programs that currently use the operational funds for multi-year projects or for two-year spans for program needs would have to request expansions or reductions every year instead of continuing the unused authority from the previous year(s) appropriation.

When asked by the commission about the amount, Milt Barr indicated that the program did use considerable re-appropriation authority, especially for SALT project planning.

He indicated that fund management and projections, however, would remain relatively the same because of the nature of how the sales tax funds can be used and the cash flow. The program also uses re-appropriation authority for cost share overlap in a two-year period and distributes it separately. Without re-appropriation authority, the current cost-share rules and formulas would require a significant increase in the annual appropriation authority amount in order to be able to provide allocations to meet the desired commission annual expenditures. The districts annual obligation rates are somewhere around 80-85 percent of allocations. A quick example would be that traditionally the commission would like to spend around \$21,000,000 or \$22,000,000 in cost-share annually, counting appropriations and re-appropriations authorities. If the re-appropriation authority could not be used to distribute funds, then the actual

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appropriation authority needed would be around \$26,000,000 or \$27,000,000. This would be needed so that the program could provide allocations from this authority to

districts, which hopefully end up with 80 percent of the authority obligated, by the end of the fiscal year. He again indicated that the fund management and overlap projection process would not change. The program would have to budget all of the authority in the annual budget year. The program will be watching the budget authority balances closer.

In response to a question from Larry Furbeck, Milt Barr agreed that this would result in the program not using all of the expenditure authority in any one year because of the traditional nature of cost-share would overlap into the next. Milt Barr also indicated that since previous year re-appropriation authority is not added to current year appropriation authority for budget purposes there would be an increase in total budget numbers for the current year to meet the difference. This also would not be a desirable result because the departments did not want to have to consider any expansions as an alternative for the re-appropriation, especially in fiscal year 2005. Because of this most departments are requesting "estimated authority" in lieu of re-appropriations for its programs if possible.

Milt Barr also presented a quick revenue update. The state fiscal year started on July 1, 2003. The July revenues were up 2.3 percent from July fiscal year 2003, but August fiscal year 2004 revenues were down 4.3 percent from August fiscal year 2003.

Larry Furbeck inquired if Soil and Water was the only ones that had re-appropriations in a large amount or if there were others. Milt Barr responded that there were other programs in the department that used re-appropriation authority to a greater extent than the Soil and Water Conservation Program. Milt Barr indicated that all of the re-appropriation issues are planned to be discussed by the budget analysts from the departments and legislature during the special session. He would provide updates when he could.

### **I. DATE OF NEXT MEETINGS**

The date of the next commission meeting was set for Wednesday, November 12, 2003, beginning at 8:00 at DNR Conference Center in the Bennett Spring/Roaring River room in Jefferson City, Missouri.

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**J. ADJOURNMENT**

Philip Luebbering moved the meeting be adjourned. John Aylward seconded the motion. Motion approved by consensus at 1:55 PM.

Respectfully submitted,

Sarah E. Fast, Director  
Soil and Water Conservation Program

Approved by:

Elizabeth Brown, Chairman  
Missouri Soil & Water Districts Commission

/tm